C&N Holdings Limited
春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8430)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of C&N Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail.

* *For identification purposes only*

HIGHLIGHTS

- The Group's overall revenue amounted to approximately S$14,187,000 for the six months ended 30 June 2019, representing a decrease of approximately S$196,000 or 1.4% as compared to the six months ended 30 June 2018.
- The loss attributable to the owners of the Company was approximately S$947,000 for the six months ended 30 June 2019 as compared to a profit of approximately S$225,000 for the six months ended 30 June 2018. The difference of approximately S$1,172,000 is mainly attributable to a) decrease in gross profit margins and b) increase in administrative costs.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2019.

UNAUDITED INTERIM RESULTS

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Three months ended 30 June		**Six months ended 30 June**	
		2019	2018	**2019**	2018
	Notes	***S$***	*S$*	***S$***	*S$*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	*3*	**6,639,352**	7,197,968	**14,187,322**	14,383,218
Cost of sales		**(6,187,663)**	(6,028,386)	**(12,845,488)**	(12,260,494)
Gross profit		**451,689**	1,169,582	**1,341,834**	2,122,724
Other income	*4*	**21,199**	93,261	**77,989**	201,453
Administrative expenses		**(1,036,419)**	(786,469)	**(2,315,068)**	(1,952,689)
Finance costs	*5*	**(26,396)**	(44,573)	**(56,704)**	(83,395)
(Loss)/profit before tax	*6*	**(589,927)**	431,801	**(951,949)**	288,093
Income tax credit/(expense)	*7*	**9,701**	(49,274)	**4,502**	(63,351)
(Loss)/profit for the period and total comprehensive income for the period		**(580,226)**	382,527	**(947,447)**	224,742
Basic and diluted earnings per share	*8*	**(0.0009)**	0.0006	**(0.0015)**	0.00035

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 S$ (Unaudited)	31 December 2018 S$ (Audited)
Non-current assets			
Property, plant and equipment	*10*	**765,750**	14,149,261
Deferred tax assets		**78,614**	78,614
Right-of-use assets		**12,389,656**	—
Deposits		**66,500**	66,500
Total non-current assets		**13,300,520**	14,294,375
Current assets			
Trade receivables	*11*	**5,391,889**	6,066,811
Deposits and other receivables		**19,340**	19,360
Prepayments		**27,066**	43,684
Pledged deposits		**501,500**	501,500
Cash and bank balances		**8,392,351**	8,702,552
Total current assets		**14,332,146**	15,333,907
Current liabilities			
Trade payables	*12*	**1,415,729**	1,349,220
Contract liabilities	*14*	**17,277**	154,995
Other payables and accruals	*13*	**1,028,707**	1,107,194
Loans and borrowings	*15*	**2,344,995**	2,485,022
Tax payable		**893**	35,922
Total current liabilities		**4,807,601**	5,132,353
NET CURRENT ASSETS		**9,524,545**	10,201,554
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,825,065**	24,495,929
Non-current liabilities			
Loans and borrowings	*15*	**1,370,572**	2,093,989
Deferred tax liabilities		**783,327**	783,327
Total non-current liabilities		**2,153,899**	2,877,316
NET ASSETS		**20,671,166**	21,618,613
EQUITY			
Share capital	*16*	**1,106,317**	1,106,317
Reserves		**19,564,849**	20,512,296
TOTAL EQUITY		**20,671,166**	21,618,613

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital S$	Share premium S$	Retained earnings S$	Total equity S$
At 1 January 2018 (audited)	1,106,317	19,773,348	271,793	21,151,458
Profit for the period and total comprehensive income for the period	—	—	224,742	224,742
At 30 June 2018 (unaudited)	1,106,317	19,773,348	496,535	21,376,200
At 1 January 2019 (audited)	1,106,317	19,773,348	738,948	21,618,613
Loss for the period and total comprehensive income for the period	—	—	(947,447)	(947,447)
At 30 June 2019 (unaudited)	1,106,317	19,773,348	(208,499)	20,671,166

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before tax	**(951,949)**	288,093
Adjustments for:		
Depreciation of property, plant and equipment	**1,093,659**	1,109,993
Depreciation of right-of-use assets	**157,500**	—
Impairment loss on an available-for-sale investment	**—**	6,750
Gain on disposal of items of property, plant and equipment	**(19,458)**	(115,021)
Finance costs	**51,492**	83,395
	331,244	1,373,210
Decrease in trade receivables	**674,922**	490,218
Decrease in deposits and other receivables	**20**	7,150
Decrease in prepayments	**16,618**	—
Decrease in trade payables and contract liabilities	**(71,209)**	(992,924)
Decrease in other payables and accruals	**(74,487)**	(350,696)
Cash generated from operations	**873,108**	526,964
Income tax paid	**(30,527)**	(228,123)
Net cash flows generated from operating activities	**842,581**	298,841
Cash flows from investing activities		
Purchase of items of property, plant and equipment	**(156,718)**	(340,311)
Proceeds from disposal of items of property, plant and equipment	**536,700**	712,258
Net cash flows from investing activities	**379,982**	371,947

	Six months ended 30 June	
	2019	2018
	S$	*S$*
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
Decrease in pledged deposits	**—**	306,710
Repayment of loans and borrowings	**(65,662)**	(90,515)
Repayment of obligations under finance leases	**(1,263,322)**	(728,756)
Repayment of lease liabilities	**(157,500)**	—
Interest paid	**(46,280)**	(83,395)
Net cash flows used in financing activities	**(1,532,764)**	(595,956)
Net (decrease)/increase in cash and cash equivalents	**(310,201)**	74,832
Cash and cash equivalents at beginning of period	**8,702,552**	9,093,347
Cash and cash equivalents at end of period	**8,392,351**	9,168,179

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND GROUP REORGANISATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands. The Company's registered office address is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong. The head office and principal place of business of the Group is at 3 Soon Lee Street, #06–03, Pioneer Junction, Singapore 627606.

The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore, primarily trucking and hubbing services.

These interim unaudited condensed consolidated financial statements have been prepared under the historical cost convention and are presented in Singapore Dollar ("S$"), which is also the functional currency of the Company.

These interim unaudited condensed financial statements were approved by the Board of Directors of the Company on 7 August 2019.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which include International Accounting Standards ("IASs") and Interpretations promulgated by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Company's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised IFRSs effective as of 1 January 2019.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015–2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

Other than as explained below regarding the impact of IFRS 16 Leases and IFRIC-Int 23 Uncertainty over Income Tax Treatments, the new and revised standards are not relevant to the preparation of the Company's unaudited interim condensed consolidated financial information. The nature and impact of the new and revised IFRSs are described below:

(a) IFRS 16 replaces IAS 17 Leases, IFRIC-Int 4 Determining whether an Arrangement contains a Lease, SIC-Int 15 Operating Leases — Incentives and SIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have any financial impact on leases where the Company is the lessor.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under IAS 17.

New definition of a lease

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Company has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Company has lease contracts for various items of property, vehicles and other equipment. As a lessee, the Company previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Company. Under IFRS 16, the Company applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Company has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets (e.g., laptop computers and telephones); and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in loans and borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on IAS 36 on that date. The Company elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases S$12,386,240 that were reclassified from property, plant and equipment.

The Company has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Used hindsight in determining the lease term where the contract contains options to extend/terminate the lease

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics, relied on the entity's assessment of whether leases were onerous by applying IAS 37 immediately before 1 January 2019 as an alternative to performing an impairment review, and excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application

The impacts arising from the adoption of IFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *S$* (Unaudited)
Assets	
Increase in right-of-use assets	13,004,068
Decrease in property, plant and equipment	(12,386,240)
Increase in total assets	617,828
Liabilities	
Increase in loans and borrowings	617,828
Increase in total liabilities	617,828

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	S$ (Unaudited)
Weighted average incremental borrowing rate as at 1 January 2019	1.88%
Operating lease commitments as at 1 January 2019	1,730,000
Less: Effect of discounting operating leases	(12,172)
Commitments relating to short-term leases and those leases with a remaining lease term ending on or before 31 December 2019	(1,100,000)
Add: Commitment relating to leases previously classified as finance leases	3,971,761
Lease liabilities as at 1 January 2019	4,589,589

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of IFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Company's policy for"inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. It considers all relevant factors that create an economic incentive for it to exercise the renewal. After the lease commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within the control of the Company and affects its ability to exercise the option to renew.

Amounts recognised in the unaudited interim condensed consolidated statement of financial position and profit or loss

The carrying amounts of the Company's right-of-use assets and lease liabilities (included within 'loans and borrowings'), and the movement during the period are as follow:

	Right-of-use assets	Lease liabilities
	S$	*S$*
As at 1 January 2019	13,004,068	4,589,589
Depreciation charge	(614,412)	—
Interest expense	—	(5,212)
Payments	—	(1,420,822)
As at 30 June 2019	12,389,656	3,173,979

(b) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Company considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Company's tax compliance and transfer pricing study, the Company determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any significant impact on the Company's unaudited interim condensed consolidated financial information.

3. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable segments as follows:

(a) The trucking segment refers to the provision of cargo transportation and other related services. The Group offers cargo transportation services, primarily of containers, from the customers designated pick up points to their designated delivery points within Singapore.

(b) The hubbing segment refers to the offering of the Group's container storage facility at its logistic yard to its customers.

Revenue represents the value of services rendered, net of goods and services tax ("GST"), during the year.

An analysis of revenue is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue from contracts with customers	**6,639,352**	7,197,968	**14,187,322**	14,383,218

Revenue from contracts with customers

(i) Disaggregated revenue information

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Type of goods or services				
Trucking services	**5,467,121**	6,173,470	**11,957,334**	11,896,647
Hubbing services	**1,172,231**	1,024,498	**2,229,988**	2,486,571
	6,639,352	7,197,968	**14,187,322**	14,383,218
Timing of revenue recognition				
Services transferred at a point in time	**5,467,121**	6,173,470	**11,957,334**	11,896,647
Services transferred over time	**1,172,231**	1,024,498	**2,229,988**	2,486,571
	6,639,352	7,197,968	**14,187,322**	14,383,218

Geographical markets

All of the Group's revenue were generated in Singapore.

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Trucking income

The performance obligation is satisfied at a point in time upon delivery of customer goods to the designated location.

Hubbing income

The performance obligation is satisfied over the respective storage periods on a straight-line basis.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June 2019 and 2018 are S$238,287 and S$223,541 respectively, which are expected to be recognised in less than one year.

4. OTHER INCOME

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Gain on disposal of items of property, plant and equipment	**19,458**	78,376	**19,458**	115,021
One-off incentive for wage subsidies	**1,741**	14,885	**58,531**	86,432
	21,199	93,261	**77,989**	201,453

There were no unfulfilled conditions or contingencies relating to the incentives from Singapore Government.

5. FINANCE COSTS

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on bank and other loans	**3,337**	8,251	**6,099**	16,689
Interest on leases	**23,059**	36,322	**50,605**	66,706
	26,396	44,573	**56,704**	83,395

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Depreciation of property, plant and equipment	**540,420**	560,830	**1,093,659**	1,109,993
Depreciation of right-of-use assets	**80,271**	—	**157,500**	—
Employee benefits (excluding directors' remuneration)				
— Salaries and wages	**2,351,619**	2,070,531	**4,570,220**	4,207,333
— CPF contribution	**134,325**	167,945	**349,283**	366,590
	2,485,944	2,238,476	**4,919,503**	4,573,923
Rental expenses	**309,342**	380,745	**661,461**	761,892
Exchange (gain)/loss	**(53,536)**	(262,364)	**6,444**	(102,130)
Impairment loss on an available-for-sale investment	**—**	—	**—**	6,750

7. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Deferred tax	**—**	—	**—**	10,000
Current tax — (Credit)/charge for the period	**(9,701)**	49,274	**(4,502)**	53,351
	(9,701)	49,274	**(4,502)**	63,351

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No Hong Kong profits tax has been provided since no assessable profit arose in Hong Kong during the period (six months ended 30 June 2018: nil).

Singapore corporate income tax has been provided at the rate of 17% (six months ended 30 June 2018: 17%) on the chargeable income arising in Singapore during the period. Income tax expense of the Group relates wholly to the profits of its two operating subsidiaries.

8. EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit attributable to the owners of the Company	**(580,226)**	382,527	**(947,447)**	224,742
Number of ordinary shares in issue	**640,000,000**	640,000,000	**640,000,000**	640,000,000
Basic and diluted earnings per share	**(0.0009)**	0.0006	**(0.0015)**	0.0004

The calculation of the basic earnings per share is based on the (loss)/profit for the period attributable to owners of the Company and the weighted average number of ordinary shares of 640,000,000 (2018: 640,000,000) in issue during the period.

9. DIVIDEND

The Board does not recommend the payment of dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired assets with aggregate cost of S$156,718 (six months ended 30 June 2018: S$2,380,191). Items of plant and equipment with a net book value of S$517,242 were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: S$597,237), resulting in a gain on disposal of S$19,458 (six months ended 30 June 2018: S$115,021).

11. TRADE RECEIVABLES

	As at 30 June 2019 *S$* (Unaudited)	As at 31 December 2018 *S$* (Audited)
External parties	**5,391,889**	6,066,811

Trade receivables are all non-interest bearing and are generally repayable on terms of 30 to 60 days.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice dates, is as follows:

	As at 30 June 2019 *S$* (Unaudited)	As at 31 December 2018 *S$* (Audited)
Less than 30 days	**2,697,870**	3,171,048
31 to 60 days	**1,981,762**	2,117,976
61 to 90 days	**504,240**	541,734
More than 90 days	**208,017**	236,053
Total	**5,391,889**	6,066,811

12. TRADE PAYABLES

Trade payables are non-interest-bearing and are normally settled on terms of 30 days.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice dates, is as follows:

	As at 30 June 2019 *S$* (Unaudited)	As at 31 December 2018 *S$* (Audited)
Less than 30 days	**1,052,055**	887,101
31 to 60 days	**329,868**	435,601
61 to 90 days	**33,806**	26,518
Total	**1,415,729**	1,349,220

13. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2019 S$ (Unaudited)	As at 31 December 2018 S$ (Audited)
Accrued liabilities	**751,811**	864,023
GST payable	**138,176**	178,909
Other payables	**138,720**	64,262
Total	**1,028,707**	1,107,194

Other payables and accruals are non-interest-bearing and are normally repayable on demand.

14. CONTRACT LIABILITIES

	As at 30 June 2019 S$	As at 31 December 2018 S$
Advances received from customers	**17,277**	154,995

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received short-term advances from customers for sales of goods and services. The decrease in contract liabilities in 2019 was mainly due to the decrease in short-term advanced received from customers in relation to the provision of trucking services at the end of the period.

15. LOANS AND BORROWINGS

	As at 30 June 2019 S$	As at 31 December 2018 S$
Current:		
Lease payables	**2,212,932**	2,352,671
Bank loans — secured	**132,063**	132,351
	2,344,995	2,485,022
Non-current:		
Lease payables	**961,047**	1,619,090
Bank loans — secured	**409,525**	474,899
	1,370,572	2,093,989
Total	**3,715,567**	4,579,011
Analysed into:		
Bank loans and overdraft:		
Within one year or on demand	**132,063**	132,351
In the second year	**132,064**	130,926
In the third to fifth years, inclusive	**217,360**	237,608
Beyond five years	**60,101**	106,365
	541,588	607,250
Other borrowings:		
Within one year or on demand	**2,212,932**	2,352,671
In the second year	**940,724**	1,411,141
In the third to fifth years, inclusive	**20,323**	207,949
	3,173,979	3,971,761
Total	**3,715,567**	4,579,011

Notes:

(a) Leases

The lease obligations are secured by charges over the leased assets. For the six months ended 30 June 2019, the average effective interest rate of the leases was 2.71% (year ended 31 December 2018: 2.71%) per annum.

(b) Bank loans, bank overdraft and other loans

For the six months ended 30 June 2019, the effective interest rates of the Group's bank loans and other loans ranged from 1.7% to 4.85% (year ended 31 December 2018: 1.7% to 4.85%) per annum.

The Group's secured bank loans are secured by:

(i) mortgages over the Group's buildings situated in Singapore, which had an aggregate carrying amount of S$966,909 (year ended 31 December 2018: S$989,514) as at 30 June 2019;

(ii) time deposits with carrying amounts of S$501,500 (year ended 31 December 2018: S$501,500) as at 30 June 2019; and

(iii) joint and several personal guarantees provided by the directors of the Company.

16. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares	Share capital
			(equivalent to S$)
		HK$	
	(unaudited)	**(unaudited)**	**(unaudited)**
Ordinary share of HK$0.01 each			
Authorised			
At 1 January 2018, 31 December 2018 and 30 June 2019	**5,000,000,000**	**50,000,000**	
Issued and fully paid			
At 1 January 2018, 31 December 2018 and 30 June 2019	**640,000,000**	**6,400,000**	**1,106,317**

17. RELATED PARTY DISCLOSURES

Compensation of key management personnel

	Three months ended 30 June		**Six months ended 30 June**	
	2019	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Remuneration paid to key management personnel (including directors' remuneration)	**255,471**	283,184	**595,428**	611,031

The remuneration of the key management personnel of the Group is determined by having regard to the performance of individuals of the Group and market trends.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a provider of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to customers. Trucking services refer to the delivery of cargo, primarily containers, from the customers' designated pick up point to their designated delivery point. Hubbing services refer to the handling and storage of laden and empty containers at the Group's logistics yard or other locations designated by the customers.

Led by our experienced management team, we have developed a reputation as a reliable transport and hubbing services provider equipped with a large vehicle fleet that is capable of handling large volumes of customer orders.

In the first half of 2019, factors such as the escalating China-US trade conflict resulted in major fluctuations in the global trade economy, which Singapore, as a transhipment hub, was greatly affected. Trade performance of Singapore for the first half of 2019 was its worst first-half results since 2009, with the International Monetary Fund (IMF) downgrading Singapore's growth forecast for 2019 from 2.3 per cent to 2 per cent.

Our customers are mainly logistics service providers along the supply chain in Singapore. The cargo that we transport for our customers include various types of plastic resin, scrap steel, paper products and others. These cargoes are mainly for import/export business, hence any uncertainty in the global trade economy will directly impact our customers, and hence the Group.

For the six months ended 30 June 2019, the Group recorded a revenue of approximately S$14,187,000, representing a decrease of 1.4% as compared with that in the corresponding period of last financial year. Overall gross profit margin stood at approximately 9.5% for the six months ended 30 June 2019, which represented a decline of approximately 5.3% from that in the corresponding period of last financial year, mainly due to the incurrence of non-recurring yard maintenance costs and increase in fuel costs. The Group recorded a net loss of approximately S$947,000 for the six months ended 30 June 2019, as compared with a net profit of approximately S$225,000 in the corresponding period of last financial year.

FINANCIAL REVIEW

Revenue

The Group's overall revenue amounted to approximately S$14,187,000 for the six months ended 30 June 2019, representing a decrease of approximately S$196,000 or 1.4% as compared to the six months ended 30 June 2018.

Revenue from trucking services for the six months ended 30 June 2019 increased by approximately S$61,000 or 0.5% as compared to the corresponding period in 2018. The increase was mainly due to the increase in volume from trucking services, contributed by higher demand from one of our major customers, which is offset by a general decrease in volume from most of our other customers with the unfavourable trade economy outlook.

Hubbing revenue for the six months ended 30 June 2019 decreased by approximately S$257,000 or 10.3% as compared to the corresponding period in 2018. The decrease is due to lower container volume hubbed in our yard, as there was a change in customer dynamics, whereby there were more customers that engaged us for local services and did not require our hubbing services in this period.

Gross profit

The Group's gross profit decreased by approximately S$781,000 or 36.8% from approximately S$2,123,000 for the six months ended 30 June 2018 to approximately S$1,342,000 for the six months ended 30 June 2019.

The overall gross profit margin decreased from 14.8% for the six months ended 30 June 2018 to 9.5% for the six months ended 30 June 2019.

The decrease in gross profit margin for the six months ended 30 June 2019 as compared to the corresponding period in 2018 is mainly due to a) an increase in fuel costs with an increase in diesel prices; and b) an increase in hubbing costs due to maintenance works performed on the yards, which is usually required once every five years.

Other income

Other income decreased by approximately S$123,000 from approximately S$201,000 for the six months ended 30 June 2018 to approximately S$78,000 for the six months ended 30 June 2019. The decrease was mainly attributed to lesser disposal of vehicles and lower government grants.

Administrative expenses

Administrative expenses increased by approximately S$362,000 or 18.6% from approximately S$1,953,000 for the six months ended 30 June 2018 to approximately S$2,315,000 for the six months ended 30 June 2019. During the six months ended 30 June 2019, higher professional fees and expense accruals were made by the Group based on prior year's actual expenses.

Income tax expense

The Group's income tax expense decreased by approximately S$68,000 from approximately S$63,000 to a tax credit of approximately S$5,000 for the six months ended 30 June 2019. The decrease in tax expense was due to lower taxable income, and over-provision of previous years' tax payable with the finalisation of tax assessments.

(Loss)/Profit for the period

Due to the combined effect of the aforesaid factors, we recorded an unaudited loss of approximately S$947,000 for the six months ended 30 June 2019, as compared to the unaudited profit for the six months ended 30 June 2018.

Dividend

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend the payment of dividend for the six months ended 30 June 2019.

Liquidity and Financial Resources

As at 30 June 2019, the Group had total assets of approximately S$27,633,000 (31 December 2018: S$29,628,000), which is financed by total liabilities and shareholders' equity (comprising share capital, share premium and reserves) of approximately S$6,962,000 (31 December 2018: S$8,010,000) and approximately S$20,671,000 (31 December 2018: S$21,619,000) respectively. The current ratio as at 30 June 2019 of the Group was approximately 3.0 times (31 December 2018: approximately 3.0 times).

As at 30 June 2019, the Group had cash and cash equivalents of approximately S$8,392,000 (31 December 2018: S$8,703,000) which were placed with major banks in Singapore and Hong Kong.

The total interest-bearing finance leases and bank borrowings of the Group as at 30 June 2019 was approximately S$3,250,000 (31 December 2018: S$4,579,000). The gearing ratio (calculated based on interest-bearing liabilities divided by total equity) of the Group as of 31 December 2018 was 15.7% (31 December 2018: 21.2%).

Capital structure

As at 30 June 2019, the Company's issued share capital amounted to HK6,400,000 divided by 640,000,000 Shares of HK$0.01 each.

Foreign Exchange Exposure

The Group transacts mainly in Singapore dollars, which is the functional currency of all the Group's operating subsidiaries. However, the Group retains a large part of its proceeds from the Share Offer in Hong Kong dollars which contributed to an unrealised foreign exchange loss of approximately S$6,000 as at 30 June 2019 as Hong Kong dollars depreciated against Singapore dollars.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the prospectus of the Company dated 6 October 2017 (the "Prospectus") in relation to, among other matters, the listing of its shares on GEM on 18 October 2017 (the "Listing") and in this announcement, the Group did not have other plans for material investments or capital assets as of 30 June 2019.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the six months ended 30 June 2019, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

Significant Investments Held

The Group did not hold any significant investments during the six months ended 30 June 2019.

Contingent liabilities

Performance guarantees were given by financial institutions and insurance companies on behalf of the Group to certain suppliers. The Group in turn, provides a counter indemnity to the financial institutions and insurance companies. The aggregate amount of the performance guarantees given by the financial institutions and insurance companies was S$660,000 as at 30 June 2019 (31 December 2018: S$660,000).

Capital commitments

As at 30 June 2019, the Group has no capital commitments (31 December 2018: approximately S$37,000 for the implementation and set up of the container tracking system).

Employee Information and Remuneration Policies

As at 30 June 2019, the Group had an aggregate of 173 employees (31 December 2018: 175).

The employees of the Group are remunerated according to their job scope and responsibilities. The local employees are also entitled to discretionary bonus depending on their respective performance. The foreign workers are employed on one or two year contractual basis and are remunerated according to their work skills.

Total staff costs, including Directors' emoluments, amounted to approximately S$5,309,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately S$5,185,000).

The Group did not experience any significant problem with our employees or disruptions to our operations due to labour disputes, nor did the Group experience any difficulty in the recruitment and retention of experienced employees. The Group continues to maintain a good relationship with our employees.

Comparison of business objectives with actual business progress

Business strategies up to 30 June 2019 as stated in the Prospectus	Implementation plan	Actual business progress up to 30 June 2019
Purchase new vehicles to expand our current transportation fleet capabilities	— Purchase of 30 units of Euro VI compliant prime movers and 40 units of trailers	The Group has purchased 1 unit of Euro VI.[1]
Purchase a new office to incorporate an increase in our workforce	— Purchase an industrial unit with area of around 1,000 square feet located at Pioneer Junction as additional office space	The Group is still sourcing for a satisfactory office unit.[2]
	— Renovation of the new office	
Strengthen our information technology system	— Obtain quotation, finish installation and implementation test of tailor-made container tracing system	The Group has obtained quotation for the container tracing system and is under-going compatibility testing.
	— Obtain quotation, finish installation and implementation test of tailor-made enterprise resources planning system	The Group has obtained a preliminary quotation for tailor-made enterprise resources planning system.
	— Obtain quotation, purchase and finish installation and set-up of computer work stations, servers and ancillary equipment	The Group has purchased some computer work stations and ancillary equipment.[3]
Expand our workforce to support our business expansion	— Hire one financial controller and two finance executives in finance department, and three operation staffs in operation departments	The Group has hired a financial controller, a finance executive and three operation staff.
	— Hire additional 27 experienced truck drivers, with recruitment cost for the new workforce	The Group has hired 17 drivers, not factoring those drivers with a short turnover.[4]

[1] As at 30 June 2019, approximately HK$26,062,000 was allocated for the enhancement of capacity for transport and storage services through acquisition of new vehicles. As stated in the Prospectus, the Group intended to use the net proceeds to acquire Euro VI compliant prime movers that are more environmentally friendly. Based on our initial understanding, Euro VI compliant prime movers was set to come into force in Singapore from 1 January 2018. However, Euro VI was only available in the market in the fourth quarter of 2018.

In addition, being in the transportation business, the Group is dependent on the global trade movement. A number of the Group's customers had either put their expansion plans on hold or reduced the sales volume to the Group. Seeing the uncertainty of business volume from our customers and current fleet utilisation rate, management decided to monitor market conditions and wait for better visibility on our customers' growth. As such, no acquisition of Euro VI was made after its introduction in the market in the last quarter of 2018, except for the acquisition of one unit of Euro VI in Q2 2019. Purchase of trailers was consequently delayed.

As at the date of the announcement, the Group has placed an order for 9 additional units of Euro VI. The remaining units of Euro VI and trailers are expected to be purchased progressively in 2019 and 2020.

[2] As at 30 June 2019, approximately HK$2,619,000 was allocated for the purchase of a new office to incorporate an increase in our workforce. Up to the date of the results announcement, the Group has spoken to 3 owners of office units located at Pioneer Junction that had intention to sell. However, the units were priced above market price, which the Group is not willing to pay. The Group is currently sourcing for other alternate unit and expects to acquire a new office by 2020.

[3] As at 30 June 2019, approximately HK$4,147,000 was allocated for information technology enhancement to support business activities through the installation and implementation of a) tailor-made container tracing system, and b) tailor-made enterprise resources planning system that will integrate with the container tracing system. Additional computer work stations, servers and ancillary equipment will be acquired to support the new systems. As the initial supplier's system was not suitable for the Group's business, we have sourced for another supplier, and compatibility testing is currently being carried out. Once the testing is completed, customisation on the workflow will commence, before integration into the ERP system. This is expected to be implemented by 2020. Once the system is successfully implemented, the Group will proceed with the enterprise resources planning system. The Group has purchased some computer work stations and ancillary equipment.

[4] As at 30 June 2019, approximately HK$7,923,000 was allocated for the expansion of our workforce to support our business expansion. The Group has since hired a financial controller, a finance executive, three operation staff and 17 drivers. The remaining workforce will be hired progressively in 2020 with the purchase of the remaining Euro VI.

Use of Proceeds

	Planned use of proceeds as shown in the Prospectus (adjusted on a pro rata basis based on the actual net proceeds) *HK$'000*	Amount of the net proceeds utilised up to 31 December 2017 *HK$'000*	Amount of the net proceeds utilised up to 31 December 2018 *HK$'000*	Amount of the net proceeds utilised up to 30 June 2019 *HK$'000*	Unutilised amount as at 30 June 2019 [1] *HK$'000*
Enhancement of capacity for transport and storage services through acquisition of new vehicles	26,062	—	—	727	25,335
Expansion and enhancement of workforce to support increased business activities	7,923	336	4,544	5,582	2,341
Information technology enhancement to support business activities	4,147	—	—	141	4,006
Purchase of office to incorporate an increase in workforce	2,619	—	—	—	2,619
Working capital and other general	2,365	2,365	2,365	2,365	—
	43,116	2,701	6,909	8,815	34,301

[1] The unused proceeds are deposited in a licensed bank in Hong Kong.

As at the date of this announcement, the Board does not anticipate any changes to the plan as to the use of proceeds.

Prospects

The Group continues to strive towards providing customers with timely delivery and storage of their containers, enhancing overall competitiveness and market share in Singapore. In the first six months of 2019, the Group continues to see increasing challenge with the uncertainty in the global trade economy that has impacted the general economic and market conditions in Singapore and the industry in which we operate. This has affected the business operations to a certain extent.

The second half of 2019 continues to be confronted by slower growth of the global trade economy that results from uncertainties in the China-US trade conflict. Management is continuously monitoring the situation and in constant discussion with our customers to understand their changing business needs.

The future plans of the Group are detailed in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As disclosed in the Prospectus, the Company expects to: (a) maintain growth in the industry and enhance overall competitiveness and market share in Singapore; (b) increase service capacity through the acquisition of new vehicles; (c) enhance and expand the Group's workforce to keep up with the Group's business expansion; (d) purchase a new office to incorporate an increase in workforce; and (e) enhance the Group's information technology system. With the uncertainty in the global trade economy, the Group is cautious with its expansion plans.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2019, the interests and short positions of directors in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company (the "Chief Executives") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

DIRECTORS' INTEREST IN THE SHARES OF THE COMPANY

Name of Director	Number of shares/ Position	Approximate percentage of shareholding	Capacity
Mr. Chua Kang Lim ("Mr. Chua")	325,000,000 *(Note)* Long position	50.78%	Interest of controlled company

Note: These shares are held by Ventris Global Limited ("Ventris"). The entire issued share capital of Ventris is legally and beneficially owned by Mr. Chua. Mr. Chua is deemed to be interested in the shares of the Company in which Ventris is interested under Part XV of the SFO.

DIRECTORS' INTEREST IN THE SHARES OF VENTRIS, AN ASSOCIATED CORPORATION OF THE COMPANY

Director	Capacity/Nature of interest	Number of shares in Ventris	Percentage of shareholding in Ventris
Mr. Chua	Beneficial owner	1 Long position	100%

Save as disclosed above, as at 30 June 2019, none of the Directors or the Chief Executive of the Company had any interests or short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTEREST AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors and the Chief Executive are aware, as at 30 June 2019, other than the directors and chief executive, the following person had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or which would be, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Shareholder	Number of shares/ Position	Approximate percentage of shareholding	Capacity
Ventris Global Limited	359,800,000 Long position	50.78%	Beneficial owner
Dai Wangfei	79,000,000 Long position	12.34%	Beneficial owner

Save as disclosed above, as at 30 June 2019, the Directors and the Chief Executive of the Company are not aware of any other person who had an interest or short position in the shares or underlying shares which would require to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the substantial shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interests in any businesses which competed or is likely to compete either directly or indirectly with the business of the Group.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Vinco Capital Limited ("Vinco Capital"), save and except as the compliance adviser agreement entered into between the Company and Vinco Capital dated 3 October 2017, neither Vinco Capital, its close associates nor any of the directors or employees of Vinco Capital who have been involved in providing advice to the Company, has or may have any interest in securities of the Company or which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as of 30 June 2019.

SHARE OPTION SCHEME

On 25 September 2017, the then sole shareholder of the Company approved and adopted a share option scheme (the "Share Option Scheme") by way of written resolution passed on 25 September 2017 to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. No option has been granted since its effective date and up to the date of this announcement.

PLEDGE OF ASSET

The carrying amount of motor vehicles held under finance leases was approximately S$11,469,000 as at 30 June 2019 (31 December 2018: approximately S$12,386,000). Leased assets are pledged as securities for the related finance lease liabilities.

In addition to the assets held under finance leases, the Group's buildings with an aggregate carrying amount of approximately S$967,000 (31 December 2018: approximately S$990,000) were mortgaged to secure the Group's bank loans as at 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

EVENTS AFTER THE REPORTING DATE

There is no significant event subsequent to 30 June 2019 which would materially affect the Group's operating and financial performance.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the six months ended 30 June 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. During the six months ended 30 June 2019, the Company had complied with all the code provisions set out in the CG Code with the exception of the following deviation:

Code Provision A.2.1

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Chua is acting as the chairman and the chief executive officer. In view of Mr. Chua being the founder of our Group, and his responsibilities in corporate strategic planning and overall business development, the Board believes that it is in the interests of both our Group and our Shareholders to have Mr. Chua taking up both roles for effective management and business development. Therefore, the Directors consider the deviation from Code Provision A.2.1 the CG Code to be appropriate in such circumstance. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and chief executive officer is necessary.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The primary duties of our audit committee are, among other things, to review and supervise the financial reporting process and internal control systems of the Group. The audit committee consists of three independent non-executive Directors, namely Mr. Kwong Choong Kuen, who has the appropriate auditing and financial related management expertise and serves as the chairman of the audit committee, Mr. Dax Teo Tak Sin and Ms. Grace Choong Mai Foong. The audit committee has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements of the Group for the six months ended 30 June 2019 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

By order of the Board
C&N Holdings Limited
Chua Kang Lim
Chairman

Singapore, 7 August 2019

As at the date of the announcement, the Board comprises two executive directors, namely, Mr. Chua Kang Lim and Ms. Chua Sui Feng; and three independent non-executive directors, namely, Mr. Kwong Choong Kuen, Mr. Dax Teo Tak Sin and Ms. Grace Choong Mai Foong.

This announcement will remain on the GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its publication and on the Company's website at www.cnlimited.com.